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THE
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Cotton

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

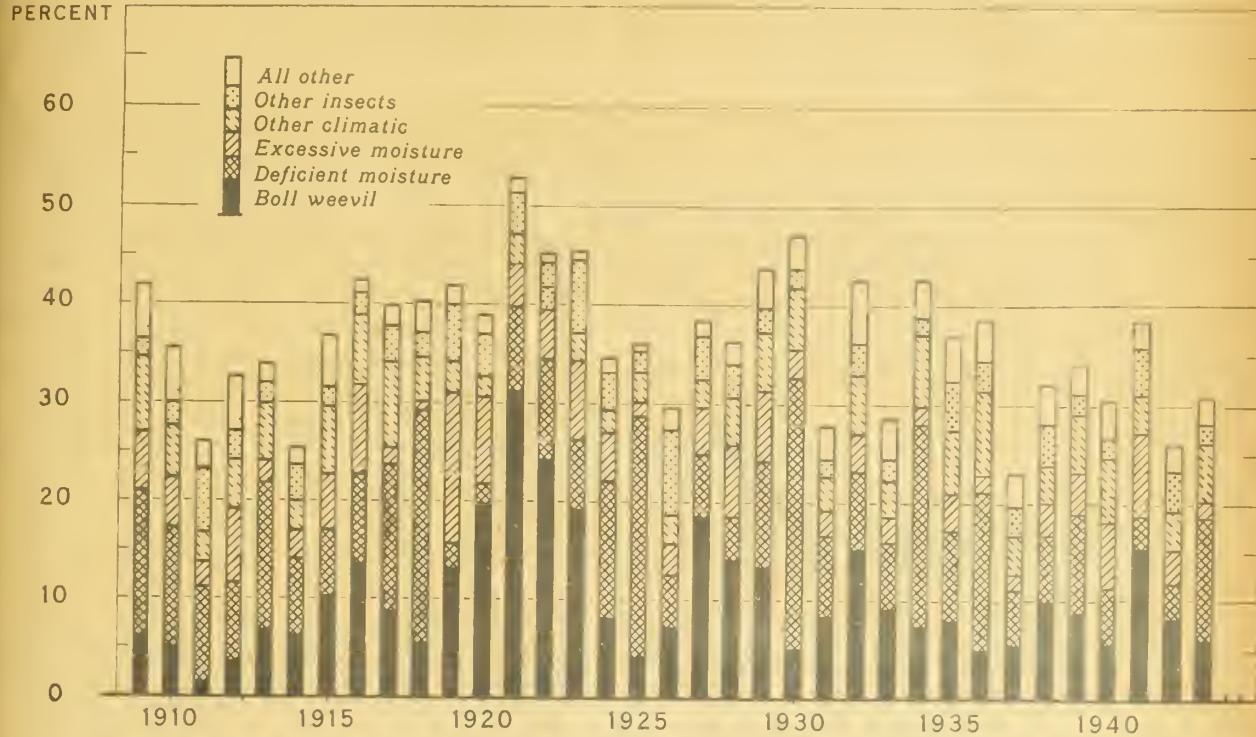
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JUNE 1944

COTTON: FACTORS ACCOUNTING FOR REDUCTION FROM FULL YIELD, 13 STATES, 1909-43*

PERCENT



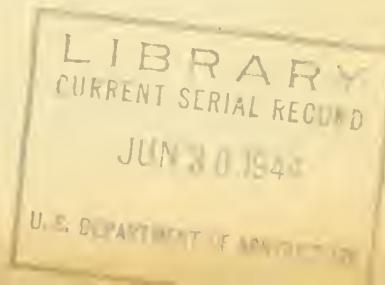
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U. S. DEPARTMENT OF AGRICULTURE

NEG 29270 BUREAU OF AGRICULTURAL ECONOMICS

Boll weevil survivals and estimates of boll weevil population made earlier this spring indicated a situation rather similar to that in early 1943 -- numbers large enough to cause severe damage if weather is cool and damp. Hot and exceptionally dry weather held weevil in check in 1943 and the reduction from full yield from that cause in the 13 old cotton-producing States was only 6.1 percent or well below average.

Should the weather between now and the end of the fruiting season be cool and damp, it would mean that greater than usual effort would have to be employed to hold the boll weevil in check if damage to the crop is to be held to a minimum.



THE COTTON SITUATION

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-- June 22, 1944

THE DOMESTIC COTTON SITUATION

<u>Recent Strengthening Puts Spot</u>
<u>Prices Near Government</u>
<u>Sales Price</u>

During the past 30 days cotton prices pushed into new high ground for World War II. On June 21 the 10-market average of Middling 15/16-inch was 21.68 cents per pound, 25 points above last season's peak of 21.43 and 30 points above the price on April 7, 1943, the day the President issued the "hold-the-line" order. To stabilize prices at that time, the War Food Administration and the Office of Price Administration agreed to a program whereby cotton owned by the Commodity Credit Corporation would be sold at 21.38 cents, basis Middling 15/16-inch at the 10 markets.

The Government sales price has been revised from time to time as required by law in order to reflect advances in the parity price of cotton. At the present time the average sales price for Middling 15/16-inch cotton in the 10 designated spot markets is 21.88 cents or 20 points higher than the market price on June 21. From April 24, 1943 when the program was announced, to June 1, 1944, the Commodity Credit Corporation had sold approximately 200,000 bales of cotton under the Stabilization program.

Over the past year the price of cotton in this country has tended to weaken on favorable war news. This was reflected in the drop of about \$1.25 per bale in the early hours of trading after the Allied landings in

France, but the price-depressing influences arising therefrom were more than neutralized by price-strengthening factors. The 10-market price of 21.68 cents on June 21 was about 2/3 cent higher than the average for the 3 months, March through May, and 1/2 cent higher than during the corresponding months last season.

Daily Cotton Consumption Lowest
Since November 1940 Despite
Efforts to Obtain Increased
Textile Output

Consumption of cotton averaged 36,973 bales per working day in May, the lowest of any month since November 1940 and 20 percent below the peak daily consumption of April 1942. Compared with other months this season, the May daily rate was 6 percent below the average for the 9-month period, August through April.

For the season through May 31 the consumption of cotton totaled 8,412,168 bales. If this is projected on the basis of the same daily rate in June and July as in May, consumption this season would total about 9,965,000 bales. This would compare with 11,100,082 bales in 1942-43 and 11,170,106 bales in 1941-42, reductions of 10 and 11 percent, respectively.

As was discussed in the April issue of The Cotton Situation, several Government agencies have all taken steps in recent months designed to bring about an increase in textile output. The Office of Price Administration has made upward adjustments in ceiling prices for certain important groups of fabrics. The War Manpower Commission also ordered a 48-hour work-week for the cotton textile industry effective May 16, and the War Production Board has ordered that mills produce yarn in the present and succeeding quarters at least equal to the production in the peak quarter of 1943.

In view of the sharp decline in the daily cotton consumption in May, these and other such measures cannot be said to have entirely achieved their stated objective -- increased textile output -- although without them the daily consumption might have been even lower.

Although complete data for determining all of the causes underlying the decline in the daily consumption in May are not available, it might be expected that there was some further deterioration in the cotton textile labor situation. Many cotton mills are adjacent to farming areas and there may have been a number of people normally engaged in farming who had accepted mill employment for the winter months and were then returning to the farm. Then, too, absenteeism may have been greater than normal. Farm work was delayed in many areas by excessive rains. To overcome this late start, members of farm families who worked in nearby mills may have stayed away from their mill jobs for a few days in order to help with the farm work. Increased textile output may also have been delayed in some instances pending action on appeals for ceiling price relief made in accordance with the above-mentioned orders.

WPB Urgency Ratings for Cotton
Textiles Established

As a further means of obtaining increased textile output, especially of those products for which the need is greatest, the War Production Board recently announced the adoption of an urgency rating pattern for the cotton textile industry, including all cotton fabrics, yarns, cordage and twines in the order of their importance to the war program and the civilian economy.

Under the urgency rating pattern, all cotton textile mills are rated according to the essentiality of the item produced. The War Manpower Commission's manpower priority committee, using this pattern for guidance may channel such new labor as is recruited to those mills producing items most necessary to meet military and civilian needs.

The factors entering into the rating of the many individual items are broken down as follows: (1) the fundamental end-use importance of each item in the wartime economy, and (2) the adequacy of current production as measured against approved minimum essential requirements.

Mills will be rated from 10 through 1, depending on the production urgency of the fabrics or yarns being manufactured. The ratings of 7 through 1 will be given to those items which are almost exclusively civilian-type fabrics, which, though badly needed, are nevertheless not in such urgent demand as those rated 10, 9, and 8.

Since cotton yarns form the bottleneck in so many operations WPB said, most weaving and knitting yarns also have been assigned a rating of 10, along with certain important twine and cordage items.

Of the 138 cotton textile products classified in the order, 39 had a production urgency rating of 10, 15 of 9, 43 of 8, 12 of 6, 18 of 4, 2 of 2, 7 of 1, and 2 had a production urgency rating of zero. In other words, 97 products or 70 percent of the total had the more urgent ratings of 8, 9, and 10.

Late Crop Increases Potential Damage
From Boll Weevil and Need For
Control Measures

Excessive rains delayed plantings this spring and caused the 1944 cotton crop to be several weeks later than normal in much of the Belt. Since late planted cotton is more susceptible to damage by boll weevil and other insects than that planted earlier, it is especially desirable that the weather be favorable this summer for holding weevils and other insects in check. Of course, farmers can't make the weather; they can only prepare for the possibility of cool, cloudy, and damp weather; just in case. This means having dusting equipment in good condition, adequate poison on hand or readily available, and keeping a close check on the degree of infestation.

Calcium arsenate is a rather bulky material and the movement of large supplies in a short period of time requires considerably transportation

equipment, which in wartime may be harder than usual to provide. Furthermore, calcium arsenate manufacturers, like fertilizer mixers, tend to have both limited storage space and a tight labor situation. This makes it virtually necessary, if the manufacturers are to produce enough and on time, that the distributors and farmers cooperate to the extent of anticipating their needs well in advance, placing their orders as soon as possible, and accepting delivery as it becomes available.

The price of calcium arsenate in wholesale lots at New York has been about 7.5 cents per pound for the past 2 years. Compared with present prices of cotton this is so cheap as to leave no doubt as to the advisability of its use wherever infestation is great enough to be damaging. It can be stored from season to season without deterioration and the investment it represents is comparatively small particularly in relation to current cotton prices. In no sense is this intended to encourage unnecessary hoarding, but officials of the War Food Administration are urging farmers to anticipate their needs well in advance of the time such products are needed and accept delivery whenever the materials are available.

Given reasonable cooperation of this sort, the overall supply picture for calcium arsenate is entirely satisfactory. The only shortage which might develop would be of a local nature which can be prevented if orders are placed early.

Production of calcium arsenate totaled 71 million pounds in the 12-month period October 1941-September 1942 and 69 million in 1942-43. In this 2-year period about 75 percent of the production was shipped to the cotton-producing States, primarily for use on cotton. With so large a part of the total production used on cotton, the responsibility for staggering their purchases so as to prevent local shortages rests with cotton producers, their distributors, and the manufacturers.

Table 1.- Statistical summary

Item	Unit or base period	1943			1944		Per cent year ago
		May	Mar.	Apr.	May		
Prices:							
Middling 15/16-inch, 10 markets:	Cent	21.12	21.07	21.04	21.01		19
Farm, United States	Cent	20.09	19.97	20.24	19.80		19
Parity	Cent	20.21	21.08	21.08	21.08		19
Farm, percentage of parity	Percent	99	95	96	94		19
American-Egyptian, farm, U. S. :	Cent	---	46.4	47.0	---		19
SxP, New England mill points ^{2/} :	Cent	47.23	50.00	50.00	50.00		19
Cloth, 17 constructions	Cent	40.62	40.62	40.62	40.62		19
Mill margin (17 constructions) :	Cent	19.69	19.72	19.78	19.81		19
Cottonseed, farm price	Dollar	46.11	52.70	52.50	52.50		19
Cottonseed, parity	Dollar	36.76	38.30	38.30	38.30		19
							19
Consumption:							
All kinds during month, total ..:	1,000 bales	902.3	902.1	776.0	831.9		19
All kinds cumulative, total ...:	1,000 bales	9,342	6,804	7,580	8,412		19
All kinds per day, total	Bale	44,015	39,222	39,458	36,973		19
All kinds, annual rate	Million bales	11.2	10.1	10.2	9.5		19
American-Egyptian cotton, total:	Bale	4,377	4,345	3,778	3,819		19
American-Egyptian, cumulative ..:	Bale	41,695	29,643	33,421	37,240		19
Foreign cotton, total	Bale	12,350	10,330	8,670	9,319		19
Foreign cotton, cumulative:	Bale	148,584	78,041	86,711	96,030		19
							19
Active spindles	Thousands	22,777	22,568	22,412	22,388		19
							19
Stocks end of month:							
Consuming establishments	1,000 bales	2,320	2,290	2,222	2,111		19
Public storage and compresses ..:	1,000 bales	9,667	10,887	10,277	9,583		19
Egyptian cotton, total	Bale	42,997	51,790	72,309	61,880		19
American-Egyptian cotton, total:	Bale	39,705	61,516	63,805	58,464		19
							19
Index numbers:							
Cotton consumption	1935-39 = 100:	169	150	151	142		19
Prices paid, interest, and taxes: 1910-14 = 100:		163	170	170	170		19
							19

^{1/} Applies to last month for which data are available.

^{2/} SxP, No. 2, 1-1/2 inch, New England mill points.

Compiled from official sources.

Table 2.- Cotton: Factors accounting for reduction from full yield,
13 old cotton growing States, 1909-43 1/

Crop year	Boll weevil	Deficient moisture	Excessive moisture	Other climatic	Other insects	All other	Total
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1909	6.1	14.9	6.0	7.7	1.8	5.5	42.0
1910	5.3	12.2	5.1	5.3	2.2	5.5	35.6
1911	1.3	9.8	2.6	3.0	6.6	2.8	26.1
1912	3.3	8.1	7.6	5.0	3.2	5.5	32.7
1913	6.7	15.2	2.0	5.9	2.2	1.7	33.7
1914	5.9	7.9	2.9	3.0	3.9	1.8	25.4
1915	9.9	6.8	5.7	6.9	2.3	5.2	36.8
1916	13.4	9.2	9.1	7.0	2.4	1.3	42.4
1917	9.3	15.1	1.7	8.8	2.9	2.1	39.9
1918	5.8	23.8	0.9	4.6	2.1	3.1	40.3
1919	13.2	2.7	15.3	3.2	5.6	1.9	41.9
1920	19.9	2.2	8.8	2.2	4.0	1.9	39.0
1921	31.0	8.6	4.3	3.1	4.5	1.4	52.9
1922	24.2	10.3	4.9	2.3	2.4	1.1	45.2
1923	19.5	7.2	8.0	2.8	7.1	0.9	45.5
1924	8.0	14.0	5.0	2.3	4.0	1.4	34.7
1925	4.1	24.6	1.4	3.0	2.2	0.7	36.0
1926	7.1	5.3	3.2	2.9	8.9	2.1	29.5
1927	18.5	6.4	4.9	2.8	4.4	1.5	38.5
1928	14.1	4.4	7.3	4.9	3.4	2.3	36.4
1929	13.3	10.8	7.2	6.0	2.5	4.0	43.8
1930	5.0	27.7	2.8	6.3	1.9	3.4	47.1
1931	8.3	8.3	2.6	3.5	1.8	3.3	27.8
1932	15.2	8.0	3.9	6.1	3.1	6.1	42.4
1933	9.1	6.8	2.6	3.7	2.2	4.2	28.6
1934	7.3	20.7	1.9	7.3	1.6	3.8	42.6
1935	8.1	9.2	3.7	6.5	5.0	4.3	36.8
1936	4.9	16.2	1.9	8.4	3.0	4.1	38.5
1937	5.3	5.7	1.5	4.1	3.0	3.5	23.1
1938	9.9	6.8	3.3	4.0	4.2	4.0	32.2
1939	8.7	10.1	4.2	5.9	2.2	3.1	34.2
1940	6.5	5.5	6.5	6.5	1.9	3.7	30.6
1941	15.4	3.3	8.6	3.8	4.8	2.7	38.6
1942	8.0	3.6	3.5	4.0	4.0	2.9	26.0
1943	6.1	12.5	1.7	5.9	2.0	2.8	31.0

1/ Includes Ala., Ark., Ga., Fla., La., Miss., Mo., N. C., Okla., S. C., Tenn., Tex., and Va. Data for cover page chart, Neg. 29270.
Compiled from reports of the Crop Reporting Board.

Table 3.- Cotton, Middling 15/16 inch: Comparison of spot market prices and Government loan rates, specified markets, 1942-43 and 1943-44

Area and market	Market prices			Loan rates			Premium of market over 1942-43 loan on		
	1942-43	Aug. 6, 1943	June 15, 1944	1942	1943	over 1942 loan rate	1942-43	market over 1942 loan rate	June 15, 1944
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
<u>Southeastern markets</u>									
Charleston	20.37	21.12	21.73	17.71	19.75	2.66	1.37	1.98	
Augusta	20.60	21.32	21.83	17.67	19.71	2.93	1.61	2.12	
Savannah	20.41	20.98	21.91	17.62	19.66	2.79	1.32	2.25	
Montgomery	20.25	20.70	21.70	17.44	19.48	2.81	1.22	2.22	
Average	20.41	21.03	21.79	17.61	19.65	2.80	1.38	2.14	
<u>South Central markets</u>									
New Orleans	19.96	20.32	21.45	17.18	19.22	2.78	1.10	2.23	
Memphis	20.06	20.45	21.60	17.22	19.26	2.84	1.19	2.54	
Little Rock	20.04	20.45	21.60	17.15	19.19	2.89	1.26	2.41	
Average	20.02	20.41	21.55	17.18	19.22	2.84	1.19	2.33	
<u>Southwestern markets</u>									
Dallas	19.96	20.22	21.33	17.07	19.11	2.89	1.11	2.22	
Houston	19.88	20.25	21.30	17.12	19.16	2.76	1.09	2.14	
Galveston	19.88	20.27	21.37	17.12	19.16	2.76	1.11	2.21	
Oklahoma City	1/19.90	1/20.22	1/20.99	17.07	19.11	2.83	1.11	1.88	
Average	19.90	20.24	21.25	17.10	19.14	2.80	1.10	2.11	
<u>Western irrigated markets</u>									
El Paso	1/18.61	1/19.17	1/2/19.39	16.91	18.95	1.70	.22	.44	
Phoenix	1/18.15	1/18.62	1/2/19.74	16.55	18.59	1.60	.03	1.15	
Bakersfield	1/18.24	1/18.67	1/2/19.39	16.55	18.59	1.69	.08	.80	
Average	18.33	18.82	19.51	16.67	18.71	1.66	.11	.80	
10 markets 4/	20.14	20.61	21.58	17.33	19.37	2.81	1.24	2.21	
14 markets 5/	19.74	20.20	21.10	17.17	19.21	2.57	.39	1.89	
Mill points 5/	21.37	21.97	2/22.49	17.76	19.80	3.61	2.17	2.69	

1/ Friday's prices. 2/ Prices for June 9 are the latest available. 3/ Bakersfield-Fresno-Tulare. 4/ Charleston, Augusta, Savannah, Montgomery, New Orleans, Memphis, Little Rock, Dallas, Houston, and Galveston. 5/ Carolina Group "B" mill points.

Compiled from records and reports of the Cotton and Fiber Branch, Office of Distribution.